

**MINUTES
GAMING ADVISORY COUNCIL**

*August 23, 2002
KwaTaqNuk Resort
Polson, Montana*

Please note: This is a summary of the Council meeting. The meeting in its entirety is on tape at the Gambling Control Division office at 2550 Prospect Avenue, Helena, Montana. Exhibits are on file in the office of the Gambling Control Division.

COUNCIL MEMBERS PRESENT

Senator Dale Mahlum, Chairman
John Tooke
Tim Carson
S. Kevin Howlett

Steve Morris
Bill Thomas
Dennis Taylor

DIVISION STAFF PRESENT

Gene Huntington
Sarah Bond, Assistant Attorney General

Rick Ask

SUMMARY OF COUNCIL ACTION

- ♣ **Gene Huntington, Gambling Control Division Administrator discussed the legislative proposals.**
- ♥ **The Council unanimously approved the motion to approve all proposed legislation excluding the Internet gambling legislation.**
- ♦ **The Council viewed a presentation on Tribal compact issues.**
- ♠ **The Council scheduled the next meeting for November 15, 2002, in Helena.**

CALL TO ORDER AND ROLL CALL

Chairman Mahlum called the meeting to order at 9:00 a.m. Roll call was taken. All members were present except for Representative Witt and Tom Scott, who were excused. The minutes from the June 28, 2002 meeting were adopted unanimously. Kevin Howlett introduced members of Tribal Council.

LEGISLATIVE PROPOSALS

Internet Gambling

Gene Huntington, Administrator, Gambling Control Division, discussed the conceptual draft of changes to would amend Mont. Code Ann. § 23-5-112 to prohibit gambling over the Internet. Mr. Tooke wondered how effective this legislation would be. Mr. Howlett asked for clarification on how this would affect tribal gaming. Dennis Taylor stated that it should be clear that it is the policy of the Council to affirm in existing law that internet is illegal and that the only legal gambling in the state is the gambling that occurs in licensed establishments, licensed games. Sen. Mahlum suggested that all the Council members work on this problem and revisit this legislation at the next meeting.

AARS, HB 109 Update

Mr. Huntington reported on the changes to the proposed legislation that is needed to address the delays and changes in plans for implementing the automated accounting and reporting system (AARS). Mr. Huntington explained the need to add to 23-5-611 language pertaining to combination poker keno machines and to include those machines that are grandfathered. Mr. Huntington explained that in 23-5-637(4)(c) the date will be changed to January 1, 2003 for changes in ownership of a licensed gambling business - all machines must be connected to AARS within 5 years of approval unless there are five or fewer machines on the premises.

Mr. Carson stated that he thinks there needs to be a safeguard for the system in case there is a glitch in AARS once it is up and going. He also stated that he would like to create a time-frame that if this AARS does not get up and functioning that we have the ability to put poker and keno into the same package. From a manufacturer's position they are committing a lot of resources again for the next step of combining software and hardware needed to combine poker and keno into the same cabinet. Mr. Carson stated that his company has already spent \$250,000 in the first round of development and will probably spend the same amount again.

Terry Geurin, IGT/VLC representative stated that he concurs with Mr. Carson's statements. Mr. Huntington responded that the manufacturers have been more than patient and that if we run in to a situation where we think there are going to be further major delays the Division needs to provide something - a date or an alternate arrangement.

Rich Miller asked that the same language be used that was used in HB 519 from the 57th legislative session, which changes 2(a)(i) - during the 12 months period ending December 31, 2002.

VGM Permit Fee Increase

Mr. Huntington discussed the conceptual draft legislation to increase the annual permit fee for video gambling machines and to deposit the increase to the State Special Revenue Fund. The annual permit fee will be increased from \$200 to \$220 for each video gambling machine permit and the department shall deposit 55% instead of 50% of the total permit fee collected. Mr. Miller pointed out that the percentage method would give the State \$121 and the counties would lose \$1 of each permit fee. He then asked if the \$20 could just be segregated out and just say the additional fee will be dedicated solely to the enforcement efforts of the Division. Sen. Mahlum agreed that that would be the smart thing to do.

Statute of Limitations

Mr. Huntington stated that the statute of limitations on gambling violations is an issue that has been raised from time to time. The issue will be eliminated if the limitation is defined in law. The recommendation is to hook onto the five-year provision of 27-2-231.

Revocation of Lapsed License

Mr. Huntington explained the conceptual draft of legislation that would allow the revocation of a lapsed license.

Mr. Tooke moved that the Council approve all proposed legislation, excluding the Internet gambling legislation. The motion passed unanimously.

NEW BUSINESS

Steve Morris discussed an amendment to a bill during the special session that any local government that passes an ordinance that causes a decline to general fund revenues would be responsible for that amount of revenue in their reimbursement coming back from the general fund. Dennis Taylor stated that he thinks that this is a bad policy idea. Mr. Huntington stated that when the Division has the tax collection figures available for Helena after the first quarter of the new fiscal year they will be presented to the Council. Mr. Taylor said that local communities need to make their own decisions and that the solutions will be much better than legislating it at the state level. Sen. Mahlum stated that this would be on the agenda for the November meeting.

Mr. Huntington reviewed the Problem Gambling Hotline number brochure. He also discussed the combined liquor/gambling license application statistics - there have been about 41 applications go through the process and the average time has been 58 days for completion. Rick Ask reported that there were between 16,500 and 16,600 machines

licensed in July which is about the same as one year ago. Mr. Huntington reported that the public rules hearing took place and that there were no adverse reactions to the proposed rules and they will be adopted and become effective on September 13, 2002.

PROGRAM AND DISCUSSION OF COMPACT ISSUES

A presentation was given on the history of the Tribal compacts and the negotiations. Ranald McDonald, Confederated Salish Kootenai Tribes and Sarah Bond, Assistant Attorney General, Department of Justice conducted a discussion on the compact issues.

FINAL BUSINESS

The meeting adjourned and the Council scheduled their next meeting for November 15th in Helena.